

Message Text

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PAGE 01 NEW DE 05298 200503Z

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ACTION NEA-12

INFO OCT-01 ISO-00 SP-03 AID-20 EB-11 NSC-07 RSC-01

CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 CIAE-00

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TAGS: EFIN, IN

SUBJECT: MEETING WITH PRIME MINISTER ON AID

1. THE FOLLOWING IS THE TEXT OF THE PAPER I LEFT WITH THE
PRIME MINISTER YESTERDAY CONCERNING POSSIBLE RESUMPTION OF ECONOMIC
ASSISTANCE:

QTE: ON JULY 19, 1973, THE EMBASSY PRESENTED TO THE GOVERNMENT
OF INDIA AN AIDE MEMOIRE WHICH STATED THAT THE UNITED STATES
WAS PREPARED TO DISCUSS WITH THE GOVERNMENT OF INDIA BASES
FOR A NEW ECONOMIC ASSISTANCE RELATIONSHIP. THE GOVERNMENT
OF INDIA HAS INDICATED ITS INTEREST AND WE ARE PREPARED TO
BEGIN SUCH DISCUSSIONS IMMEDIATELY.

WE HAVE NO DESIRE TO RECREATE AN AID RELATIONSHIP WHICH EXISTED
IN THE PAST WHICH SEEMS INAPPROPRIATE TO THE NEW MATURE TIES
WHICH ARE DEVELOPING BETWEEN INDIA AND THE US. IN THE FUTURE
WE WOULD EXPECT PROPOSALS FOR ASSISTANCE WOULD BE MADE ON THE
INITIATIVE OF THE GOVERNMENT OF INDIA. WE WOULD ENVISAGE
ASSIGNING ONLY A SMALL PROFESSIONAL STAFF TO THE AID MISSION
IN INDIA. SHOULD THE GOVERNMENT OF INDIA WISH TO OBTAIN UNITED
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PAGE 02 NEW DE 05298 200503Z

STATES TECHNICAL ASSISTANCE, WE WOULD PROPOSE A PROGRAM WHEREBY

THE GOVERNMENT OF INDIA ITSELF WOULD SELECT, EMPLOY AND TERMINATE TECHNICIANS AT ITS DISCRETION.

WE ARE PREPARED TO DISCUSS HOW THE GOVERNMENT OF THE UNITED STATES MIGHT ASSIST INDIA'S DEVELOPMENT WITHIN THE FRAMEWORK OF THE PRACTICE AND POLICIES OF THE GOVERNMENT OF INDIA. US ASSISTANCE WILL HAVE TO BE IN ACCORDANCE WITH THE GENERAL PROPOSES FOR WHICH THE US CONGRESS HAS MADE FUNDS AVAILABLE. NEW US LEGISLATION CHANGES THE FOCUS OF US ASSISTANCE AWAY FROM THE PATTERN OF THE PAST - COMMODITY IMPORT LENDING AND HEAVY INFRASTRUCTURE PROJECTS - TOWARD AREAS DIRECTLY CONTRIBUTING TO AN IMPROVED QUALITY OF LIFE FOR THE POOR. THE NEW AREAS OF CONCENTRATION INCLUDE FOOD AND NUTRITION, RURAL DEVELOPMENT, HEALTH, EDUCATION AND HUMAN RESOURCES. (THE ATTACHED EXCERPTS FROM US LEGISLATION OUTLINE THIS EMPHASIS.)

WITHIN THESE CATEGORIES THERE IS AMPLE FLEXIBILITY TO PERMIT ASSISTANCE WHICH WE BELIEVE WOULD BE OF VALUE TO THE GOVERNMENT OF INDIA. BY WAY OF EXAMPLE, UNDER THE CATEGORY OF FOOD PRODUCTION WE WOULD OFFER TECHNICAL AND/OR FINANCIAL ASSISTANCE IN IMPROVING AND EXTENDING THE OPERATION OF EXISTING FERTILIZER PLANTS AND MAKING MORE EFFECTIVE USE OF THE OUTPUT OF THOSE PLANTS.

SHOULD THE GOVERNMENT OF INDIA DESIRE TECHNICAL ASSISTANCE, THE GOVERNMENT OF THE US IS PREPARED TO CONSIDER AN IMMEDIATE GRANT OF ONE MILLION DOLLARS. A SIMILAR GRANT COULD BE MADE NEXT YEAR. THESE FUNDS COULD ALSO BE USED TO FINANCE TRAINING IN THE UNITED STATES.

THE GOVERNMENT OF THE US IS ALSO PREPARED TO BEGIN DISCUSSION OF LOANS FOR ECONOMIC DEVELOPMENT OF UP TO SEVENTY-FIVE MILLION DOLLARS DURING THE YEAR BEGINNING JULY 1, 1974. THE AVAILABILITY OF THESE FUNDS IS, OF COURSE, SUBJECT TO APPROPRIATION BY THE UNITED STATES CONGRESS. THE INITIATIVE FOR PROPOSING PROJECTS TO WHICH THIS SUM MIGHT BE DEVOTED WOULD LIE WITH THE GOVERNMENT OF INDIA, SO LONG AS ITS PROPOSALS FIT WITHIN THE GENERAL FIELDS FOR WHICH US ASSISTANCE CAN BE PROVIDED. END QUOTE.

2. ATTACHED WERE RELEVANT EXCERPTS FROM THE FOREIGN ASSISTANCE LIMITED OFFICIAL USE

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PAGE 03 NEW DE 05298 200503Z

ACT OF 1973.
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